

**Testimony of Jeff McCabe**  
**Maine Service Employees Association, SEIU Local 1989**

In Regards to the Governor's Proposed Budget Change Package, LD 258  
Before the Joint Standing Committee on Appropriations & Financial Affairs,  
Thursday, May 18, 2023, State House Room 228

**Remarks of Day 3 of the Change Package.**

Senator Rotundo, Representative Sachs, and members of the Committee on Appropriations and Financial Affairs, I am Jeff McCabe of the Maine Service Employees Association, Local 1989 of the Service Employees International Union. Our union represents over 13,000 workers, including workers in all three branches.

I am here to speak today about the portion on the language part of the budget, Language HHHHH, and suggest this committee amend that portion to work towards the goal of restoring the devastating pension cuts of 2011. Restoring the cuts of 2011 would help not only current retirees but may help current and future employees. I want to thank those of you on this committee who have worked on helping retirees in the last session.

I know members will be sharing lived experiences and history today, and MEA will be providing some key graphs to help you understand real life examples of pension cuts.

Also, I want to express very publicly my appreciation to members on this committee from both parties for engaging in conversations and suggesting ideas. Also, to Democratic Senate and House Leadership, along with the House Republican Leader for engaging in dialogue on pension issues. This session on several key issues almost the entire Labor Committee have all pledged to work on this issue. We know the cost of restoring the devastating cuts in their entirety is staggering, so we ask you to be creative and work with MSEA, MAR, MEA and MPERS.

**Please look at the Bipartisan work of the labor committee for options and a possible road map. We have provided info below and attached a sheet on several key bills that can serve as a starting point for this committee.**

I also wanted to share this email I got on 5/17/2023 regarding LD 1499, from Louanne Pinkham from Wiscasset who gave me permission to provide to the committee.

"None of the COLA changes last session were any assistance to me with my circumstance nor will I even have my first COLA increase until this September. My CMP bill alone is over \$300 a month and my home with taxes/insurance is \$835. This does not leave me much of anything for my monthly bills with only a \$719.37 maxed pension and widow benefit of \$360. I will never receive Social Security even though I will have 40 quarters after this summer's seasonal State position has completed but due to widow benefit was told by SS Office I will not receive retirement SS. I only paid in mostly to PERS over 30 plus years. So, I am in a bad spot. I left

message at the Governor's Office to maybe receive a text, call or email or even a in person visit with her to explain my unique situation which was way over 2 weeks ago. Not surprisingly, no reply at all. I know MSEA is trying to get the Cola issues taken care of but as I mentioned, having 60% of my pension taken all these years was somehow doable while my husband was Alive but now it is no any way possible for me to stay independent or manage my current expenses. Please let me know what I need to do. I am not a Retired State Employee that retired early with a \$10,000 to \$20,000 annual income. **Mine is only \$8600 annually.** It's pathetic that some as I have to continue to stand by and get our severe problem over-looked every session. Please know I am truly hurting. I myself could lose my home that was built in 1991 anytime now if I do not get relief from my previous employer, the State of Maine. Thank you for all you do. Please provide information and real suggestions on how to survive with the income I have."

### **Key Pension Bills: MSEA AND MEA**

#### **LD 1499 An Act Regarding Penalties for Early Retirement for Certain Members of the Maine Public Employees Retirement System**

Status: Voted out of Labor Committee 5/18/23 Estimated Fiscal Note: (\$5million)

Synopsis: provides a solution for those workers who felt they were forced to choose, back in 2011, between getting retiree health insurance or taking a 6 percent annual hit to their pensions. The solution in LD 1499 is to change the rate of the penalty for those state employees and teachers who retired between July 1, 2011 and January 1, 2012, and who had at least 25 years of service as of July 1, 2011, but had not yet attained 62 years of age. For those particular individuals, LD 1499 would calculate their penalty at 2.25 percent for each year the person was below 62 years of age upon retirement from service.

#### **LD 70: An Act to Eliminate the Cap on Retirement Benefits for State Employees and Teachers to Which a Cost-of-living Adjustment Is Made**

Status: Passed unanimously by the Labor Committee, passed by the House and the Senate and sent to the Special Appropriations Table Fiscal Note: (\$744 million)

Synopsis: This bill proposes to eliminate the current COLA cap that was put in place in 2011. This cap is costing many retirees thousands of dollars in pension benefits every year. The bill was passed UNANIMOUSLY by the Labor Committee with an amendment lifting the cap so a retiree can expect the COLA on the first \$40,000 in benefits. The fiscal note can certainly be decreased by decreasing the \$40,000 limit currently in the amended version of the bill.

#### **LD 1096: An Act to Help Retired Teachers and State Employees Keep Pace with Inflation by Matching the Cost-of-living Adjustment for Social Security Benefits ([getPDF.asp \(mainelegislature.org\)](#))**

Status: Passed unanimously by the Labor Committee and will be headed to the House and Senate for votes (Fiscal Note: \$183 million)

This bill was passed UNANIMOUSLY by the Labor Committee with an amendment providing an additional 2% cumulative cola to all retirees – this will also help prevent erosion of benefits for active employees, including teachers, ed techs (IIs and IIIs) and state employees and help retirees right now for as long as they live.

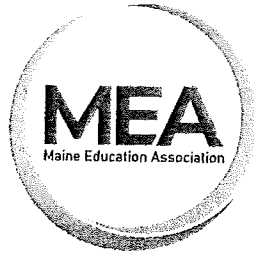
LD 112: An Act to Increase the State's Share of Retired Teacher Health Insurance

Status: Strong bipartisan support in the Labor Committee, passed the House with a roll call vote of 137 in support, 7 opposed, and sent to the Special Appropriations Table. (Fiscal Note: \$3.2 million in 23/24, \$6.8 million in 24/25)

This bill proposes to lift the amount the state pays for retired teacher health care from the current 55% to 60% on July 1<sup>st</sup> and 65% beginning July 1, 2024 for eligible retirees. This bill is no substitute for pension improvements but will provide relief to retired educators right away and help them afford their Medicare Advantage health plan in retirement.

It has been clear for some time that this crisis was created by tax cuts in 2011, and for that reason we respectfully ask you to pause any new tax credits and tax cuts until we restore cuts to the pension from 2011 in a permanent, complete way. It's past time to right the wrongs that were inflicted on these Mainers who dedicated their careers to serving our great state. They deserve to enjoy their retirements with stability, dignity, and comfort after everything they have done for Maine.

Please let me know if you would like to connect with any of our retiree members who are not present today, and I would be happy to answer any questions.



## **PUBLIC SECTOR PENSION PRIORITIES**

Prepared by John Kosinski (Maine Education Association) and Jeff McCabe (Maine Service Employees Association)

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Fiscal Note: \$744 million

Synopsis: This bill proposes to eliminate the current COLA cap that was put in place in 2011. This cap is costing many retirees thousands of dollars in pension benefits every year. The bill was passed UNANIMOUSLY by the Labor Committee with an amendment lifting the cap so a retiree can expect the COLA on the first \$40,000 in benefits. The fiscal note can certainly be decreased by decreasing the \$40,000 limit currently in the amended version of the bill.

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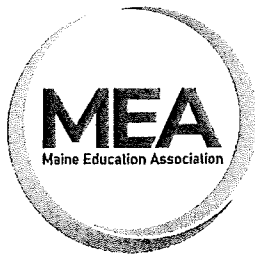
## **TEACHERS AND ED TECHS ONLY**

### **LD 112: An Act to Increase the State's Share of Retired Teacher Health Insurance**

Status: Strong bipartisan support in the Labor Committee, passed the House with a roll call vote of 137 in support, 7 opposed, and sent to the Special Appropriations Table.

Fiscal Note: \$3.2 million in 23/24, \$6.8 million in 24/25

This bill proposes to lift the amount the state pays for retired teacher health care from the current 55% to 60% on July 1st and 65% beginning July 1, 2024 for eligible retirees. This bill was passed by the House and Senate with strong bipartisan support and now sits on the Special Appropriations table and we expect will be reconsidered during the final days of the session.



## **OUTSTANDING PENSION BILLS**

### **LD 111: An Act Requiring the State to Pay a Share of a Retired State Employee's or Retired Teacher's Premium for Medicare Part B Under Medicare Advantage**

Status: Still in Labor Committee, public hearing held, work session scheduled for 5/17

Fiscal Note: not yet determined, amendment expected

Synopsis: This bill proposes a sliding scale to cover Medicare Part B payments for qualified retired state employees and retired teachers and ed techs (IIs and IIIs). For those with the least pension earnings, the bill proposes the state cover 100% of the Medicare Part B monthly premium. State contributions are a sliding scale based on pension earnings.

### **LD 1607: An Act to Stabilize the Pension Funds of the Maine Public Employees Retirement System**

Status: In AFA Committee, public hearing held, work session not yet scheduled

Fiscal Note: not yet determined, amendment expected

Synopsis: This bill proposes to create a new Retirement Improvement Fund that captures surplus and/or unspent revenue at the end of each fiscal year specifically to make pension improvements as called for in LD 70 (see above). The funding, as it is accrued into the Retirement Improvement Fund can only be used to increase the COLA cap so retirees will see a cost-of-living adjustment on more of their pension earnings.

### **LD 1499 An Act Regarding Penalties for Early Retirement for Certain Members of the Maine Public Employees Retirement System**

Status: Public hearing held in Labor Committee, not yet reported out

Fiscal Note: Not yet determined

Synopsis: LD 1499 provides a solution for those workers who felt they were forced to choose, back in 2011, between getting retiree health insurance or taking a 6 percent annual hit to their pensions. The solution in LD 1499 is to change the rate of the penalty for those state employees and teachers who retired between July 1, 2011 and January 1, 2012, and who had at least 25 years of service as of July 1, 2011, but had not yet attained 62 years of age. For those particular individuals, LD 1499 would calculate their penalty at 2.25 percent for each year the person was below 62 years of age upon retirement from service.